



**STATE OF RHODE ISLAND**

**DIVISION OF PUBLIC UTILITIES & CARRIERS**

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**Memorandum**

To: Division of Public Utilities and Carriers

From: Advocacy Section of the Division of Public Utilities and Carriers  
Thomas Kogut, Associate Administrator-CATV

Date: August 2, 2022

Re: Docket D-22-11- Petition of Rhode Island PBS Foundation for Approval of Adjustment of Public, Education and Government Access Fees

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On June 7, 2022, the Rhode Island PBS Foundation (RIPBS) filed a petition seeking a finding that the proposed increase is appropriate in light of the prudent and reasonable expenses that RIPBS undertakes to operate and maintain Public, Education and Government (PEG) access facilities, playback equipment, and Interconnect equipment, and approval of the proposed formula and process for future adjustments to the PEG access and interconnect fee. I would like to address four key components of the filing: revenues, expenses, the proposed adjustment in this fiscal year, and the proposed mechanism for adjusting the PEG access and interconnect fee in the future.

**REVENUES**

PEG operations managed by the Rhode Island PBS Foundation (RIPBS) on behalf of participating cable providers (Cox and Verizon) have been financed by a \$0.48 monthly charge to subscribers. This charge has been in effect since 2007. In recent years there has been a steady and significant decrease in revenue generated by this fee. RIPBS reported revenue of \$1,823,675.56 in the fiscal year ending June 30, 2015.<sup>1</sup> For the fiscal year ending June 30, 2021, that revenue dropped to \$1,439,659.07<sup>2</sup> or a decrease of \$384,016.49. In its filing RIPBS notes a PEG revenue decline of 7.38% in FY 2020,<sup>3</sup> and 6.83% in FY 2021<sup>4</sup>.

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<sup>1</sup> Annual filing with the Division comparing FY 15 and FY 16. A copy is attached to this memo.

<sup>2</sup> Petitioner’s Exhibit B.

<sup>3</sup> Petition at 14.

<sup>4</sup> Petition at 15.

Given national trends toward traditional cable video service subscriber declines, it is reasonable to assume that the decline in revenue will continue into the future. Even if the pace of this trend slowed or stopped, RIPBS has demonstrated a significant revenue decline in recent years.

## **EXPENSES**

RIPBS has controlled PEG operation expenses effectively. Notably, RIPBS reported expenses of \$1,797,976.63 in the fiscal year ending June 30 2015<sup>5</sup>. In the fiscal year ending June 30, 2020, those expenses were \$1,794,431.11,<sup>6</sup> essentially almost exactly the same level of expense over a five-year period. It should be noted that comparison to FY 2021 may not be helpful because of retirements and terminations of employees and RIPBS's decision to not immediately fill those positions due to COVID induced studio restrictions.<sup>7</sup> In that fiscal year expenses were reported as \$1,480,727.90, yet even at this reduced expense level, there was a revenue shortfall of \$41,068.83 at the current level of the PEG fee.<sup>8</sup>

In its filing, and in response to Advocacy Section Data Request 1-7, the Petitioner notes that the cost of operating PEG services incurred an accumulated deficit of \$561,637.02 from FY 2010 through FY 2021.<sup>9</sup>

## **PROPOSED ADJUSTMENT FOR THIS FISCAL YEAR**

Petitioner requests to increase the monthly PEG access and interconnect fee from \$0.48 to \$0.55 or an annual customer cost increase of \$0.84/year. Using figures supplied by the two cable providers in annual reports for 2021, the Advocacy Section projects a FY 2023 revenue increase of \$224,891 or a revenue total of \$1,766,998 if the increase became effective on July 1, 2022. It should be noted that these figures assume no subscriber decrease from 2021. This revenue projection would be comparable to the expenses reported for FY 2020.<sup>10</sup>

Pursuant to Rule 1.17.2(C) of the *Division's Rules Governing Community Antenna Television Systems (815-RICR-10-05-1)*, the Division may adjust the amount of the PEG access and Interconnect fee upon a finding that an adjustment is appropriate in light of the prudent and reasonable expenses incurred, or projected to be incurred, by RIPBS in operating and maintaining PEG access facilities, playback equipment, and Interconnect equipment. In its filing, RIPBS has demonstrated that revenues from the current PEG and interconnect fees are inadequate and that the projected expenses are reasonable. The proposed adjustment of \$.07 to the monthly PEG access fee from \$.48 cents to \$.55 for FY 2023, therefore, is timely, reasonable, and appropriate. The Advocacy Section recommends that the Division adopt the proposed adjustment to the PEG access and interconnect fee as filed.

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<sup>5</sup> Annual Filing Op. cit.

<sup>6</sup> Exhibit B Op. cit.

<sup>7</sup> Response to Advocacy Section Data Request 1-10.

<sup>8</sup> Exhibit B Op. cit.

<sup>9</sup> Ibid and Response to Advocacy Section Data Request 1-7.

<sup>10</sup> Advocacy Section calculated the difference as \$27,433 less than FY 20 reported expenses.

## **PROPOSED MECHANISM FOR FUTURE ADJUSTMENTS**

Petitioner has also proposed a reasonable mechanism to adjust PEG access and interconnect fee annually to ensure that the public continues to receive quality PEG access services while at the same time removing the burden of carrying cost increases for these services from RIPBS. In a conference with the Advocacy Section, Petitioner clarified aspects of the proposed mechanism to feature a reconciliation of any over-collection or under-collection from the prior calendar year along with projected revenues and expenses for the ensuing fiscal year. In its review of future compliance filings, the Division would be able to consider firm numbers from the prior calendar year along with projections for the upcoming fiscal year. The Advocacy Section recommends that the Division adopt the proposed adjustment mechanism as well.

## **CONCLUSION**

The Advocacy Section supports the RIPBS filing based on demonstrated trends of revenues and expenses along with the proposed PEG access and interconnect fee adjustment in this fiscal year, and the proposed mechanism for adjusting the PEG fee in the future.

While much of this discussion has been dominated by expense and revenue concerns, the overriding goal is to ensure that the public receive the highest quality and most cost-effective PEG access services possible. RIPBS staff have conducted community outreach to expand utilization, relocated studio facilities as necessary and has made a concerted effort to provide live and recorded government meeting and community event programming while controlling operational expenses over time. As public access programming, technology and studio utilization has evolved over the years, RIPBS has provided exemplary stewardship of this public media resource.